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MEMORANDUM FOR: Mr. Harry E. Fitzwater
Deputy Director for Administration, CIA

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[REDACTED]
Vice Assistant Director for
Resources and Systems, DIA

FROM: [REDACTED]
Chairman, SAFE Audit Team

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SUBJECT: Report of the SAFE Audit Team

1. Enclosed herewith is the report of the SAFE Audit Team.

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3. The Audit Team is prepared to brief senior management concerning its findings, as may be desired.

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Attachment:
as stated

This memo is unclassified
when removed from attachment.

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I. PREFACE

A. Inauguration of the Audit

It recently became apparent that the development of the SAFE program was not progressing satisfactorily. Consequently, ADM. B. R. Inman, DDCI, and RADM. E. A. Burkhalter, DD/DIA, directed that an audit team be formed to examine the situation and report on its findings and recommendations. The audit team charter is contained in Appendix A, and the team composition is given in Appendix B. This report gives the team's major findings and recommendations. These are summarized in the Executive Summary and presented in detail in the body of the report.

B. Audit approach

The audit team identified three programmatic alternatives to be evaluated on the basis of the memoranda that directed this audit:

- o Continue the program: The problems are manageable within the current context and solvable. The program is well understood and performance, schedule and cost risk are reasonable and under control.
- o Modify the program: Certain risks associated with the current approach are unacceptable, including cost and schedule as well as performance. The program needs to be modified to reduce these risks.
- o Cancel the program: It is fatally flawed and its residual value is not worth its retention.

To address these alternatives, the audit team proceeded to do the following three things:

1. Determine the status: The first requirement in developing the recommendations and for assessment of the recommendations by reviewing authority is to establish the status of the project. The status determination also included determining the answers to the detailed status questions posed in the inaugurating memoranda.

2. Identify major findings: In concert with the determination of the status, highlight the major findings concerning the system.

3. Develop recommendations: Reduce risks, produce a user-responsive product, and control costs. If the program cannot be modified to reduce risks adequately, to provide a

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user-responsive product, and be completed at acceptable cost,
then recommend termination.

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II. EXECUTIVE SUMMARY

A. Summary

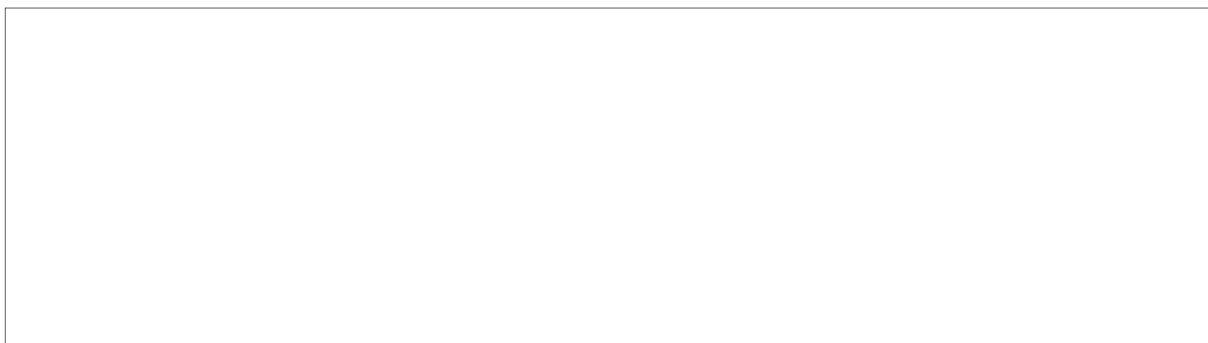
This section summarizes the major findings of the audit team. Although numerous other problems and past errors were identified, most are not significant for major management decisions. The findings are described in detail in Section III.

1. Performance to Date

The development process has been marked by management problems in both the government and contractor teams, and by serious design errors early in the program which had lasting effects. The teams have regrouped, but still have significant technical and management problems.

2. Schedule

The current schedule for delivery of the first operational increment (Block 1) is October, 1983. It is based on a universal assumption of success and it is unlikely that this can be achieved. Delivery of Block 2 within the term of the current contract is considered doubtful. All DIA deliverables are judged to fall beyond the September 1984 contract completion date. The slippage through Block 4 is estimated by the audit team to be 18 months over and above the current six month slippage.



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4. Management

The SAFE system requirements represented a major technical and organizational challenge. Unfortunately, the strong management and technical direction needed [] [] did not materialize. The results were a lack of cohesive technical direction, failure to detect and deal with major problems, and serious schedule and cost problems.

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